World Bank Aid for Poverty Alleviation Programmes

45. SHRIJESUDASUSEELAM:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether World Bank propose to focus on poverty ridden States in India and to collaborate with Government of India to achieve the poverty alleviation targets under the millennium development goals;

(b) whether World Bank would aim at accomplishing the Tenth Plan objectives by giving financial support to reform oreinted States that would simultaneously change ways to engage with the largest and poorest States too;

(c) if so, whether the World Bank has also identified poverty ridden states in India; and

(d) if so, which are the States and by when World Bank is likely to provide help and assistance to these States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The World Bank strategy retains an essentially reform and performance—based approach to the states and it also intends to open up new opportunities for engagement with the largest and poorest states. The World Bank also aims to build a productive development relationship with four states where poverty is increasingly concentrated—Bihar, Jharkhand, Orissa and Uttar Pradesh.

Measures to reduce debt servicing burden of States

46. DR. T SUBBARAMI REDDY:
SHRIMATI JAMANADEVI BARUPAL:

Will the Minister of FINANCE be pleased to state:

(a) whether a number of States such asAndhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Punjab and West Bengal have decided to approach the Central Government to reduce their debt servicing burden;

(b) if so, what is the total debt position of these States;

(c) whether Andhra Pradesh has an interest burden of about Rs. 8,443 crores against the State loan of Rs. 57,151 crores and loans worth about Rs. 46,000 crores were borrowed during the previous nine years;

(d) if so, what steps Government propose to take to help the State Governments in debt servicing; and

(e) whether he has considered the request of Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Total debt of these States outstanding as on 31.03.2004 (RE) was as under:

(Rs. in crores)

State	Total Debt
Andhra Pradesh	57589
Kamataka	36230
Maharashtra	74692
Punjab	42187
Tamil Nadu	47249
West Bengal	84408

(c) Interest payment made by Andhra Pradesh during financial year 2003-04 (RE) was Rs. 6919 crores. Incremental loans borrowed by Andhra Pradesh during last nine years is Rs. 42426 crores.

(d) and (e) Government of india formulated a Debt Swap Scheme in September, 2002 to give interest relief to the states on the 'high cost debt' owned by the States to the central Government, bearing interest rate of 13% and above with low coupon bearing Small Savings and Additional Open Market Borrowings. The State Government of Andhra Pradesh as on 31.03.2002 had an outstanding high cost (13% above) Central debt of Rs. 6892.84 crores, which stands swapped now.

Government has also decided to accept debt re-schedulement and waiver recommendations of Twelfth Finance Commission.

Policy on investment in Domestic Corporate Bonds

47. SHRI MOOLCHAND MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether he has suggested to the RBI to frafrfe a comprehensive policy on investment in domestic corporate bonds by foreign institutional investors; .